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# Stabilization Fund Assessment Range

July 2015

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# Legacy Asset<sup>1</sup> and NGN Performance Summary

(in Billions)	Q4 2011 <sup>2</sup>	Q4 2013	Q4 2014
Legacy Asset Balance	\$34.3	\$23.9	\$21.0
Legacy Asset Net Realizable Value <sup>3</sup>	\$24.5	\$19.8	\$18.0
Legacy Asset Market Value	\$19.3	\$18.0	\$16.7
NGN Investor Balance	\$24.7	\$17.5	\$15.2
Realized Legacy Asset Defaults	\$3.6	\$7.5	\$7.9
Projected Lifetime Legacy Asset Defaults	\$13.2 to \$16.4	\$11.3 to \$12.8	\$10.5 to \$11.3

<sup>1</sup> Legacy assets in NGN portfolio.

<sup>2</sup> Point in time when all NGNs had been issued.

<sup>3</sup> Legacy asset Net Realizable Values (NRVs) are based on proprietary modeling conducted by Blackrock.

# Stabilization Fund Assessment Range

Point in time estimates based on best available information

(in Billions)	Q4 2011	Q4 2013	Q4 2014
Total Projected Resolution Costs	\$11.6 to \$14.9	\$8.4 to \$9.8	\$7.9 to \$9.7
Credit Union Member Capital in Corporates	\$5.6	\$5.6	\$5.6
Total Projected Stabilization Fund Costs	\$6.0 to \$9.3	\$2.8 to \$4.2	\$2.3 to \$4.1
Assessments Paid to Date		\$4.8	\$4.8
Net Projected Remaining Assessments		-\$2.0 to -\$0.6	-\$2.5 to -\$0.7

- Housing market recovery and employment rate that exceeded consensus
- Sustained low interest rate environment
- \$1.75B in direct legal settlements
- Other recoveries

Note: Negative assessments represent projected refunds of both assessments paid to date and credit union member capital in corporates.

# Projected Net Remaining Assessment Range (Q4 2014)<sup>1</sup>

	Credit Environment <sup>2</sup>	
NGN Residual Disposition Method	Strong Credit Scenario	Weak Credit Scenario
With Residual Assets Monetized after NGN Maturities <sup>3</sup>	-\$1.5B	-\$0.7B
Without Monetizing Residual Assets after NGN Maturities <sup>4</sup>	-\$2.5B	-\$1.7B

<sup>1</sup> Point in time estimates.

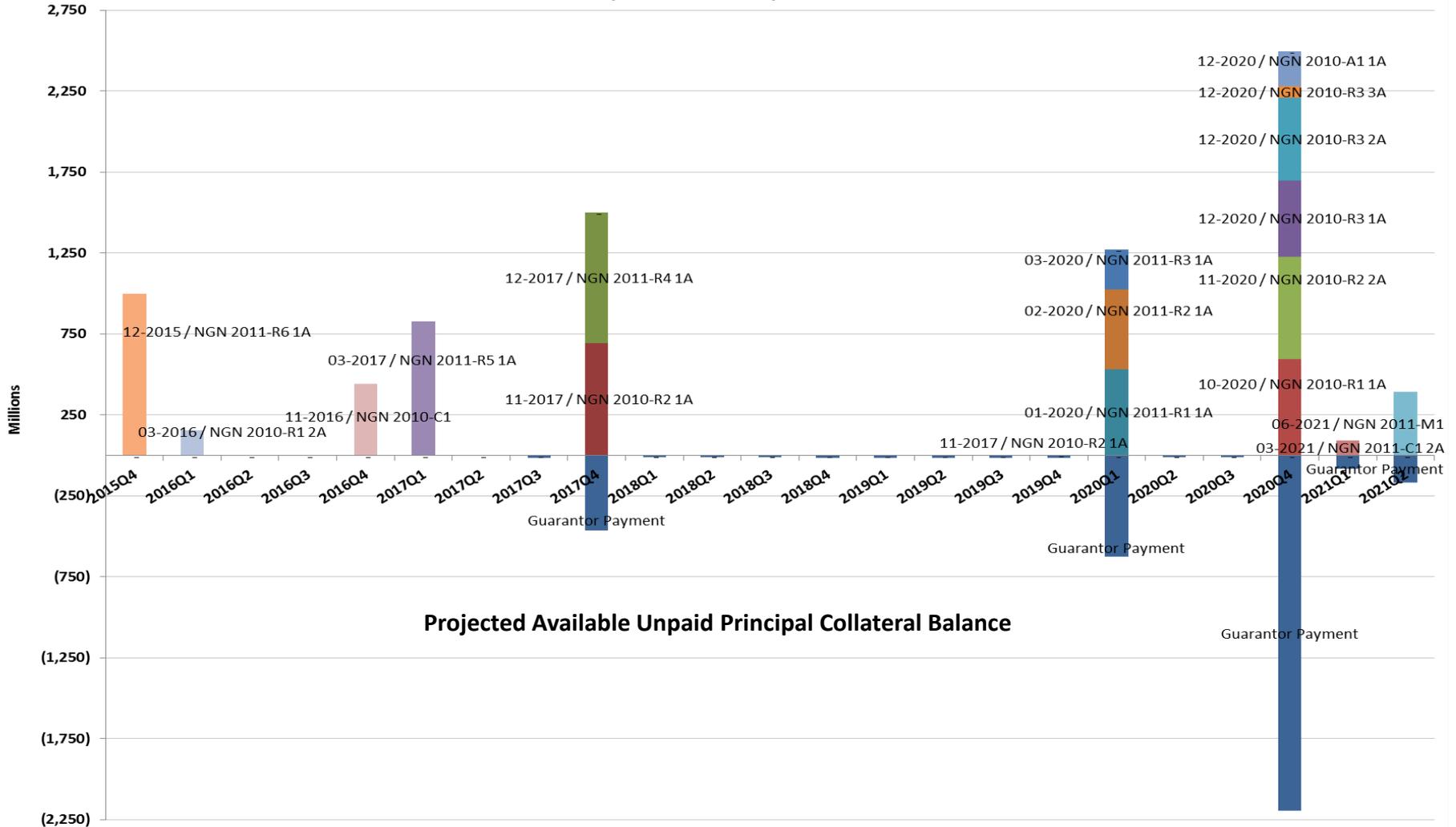
<sup>2</sup> Defined by forecasted macroeconomic conditions including underlying asset prepayment, default, and severity rates.

<sup>3</sup> Future projected legacy asset cash flows discounted at forward interest rates at valuation date.

<sup>4</sup> Assumes re-securitization or holding of legacy assets for maturing NGN's funded at NCUA Guaranteed Note rates.

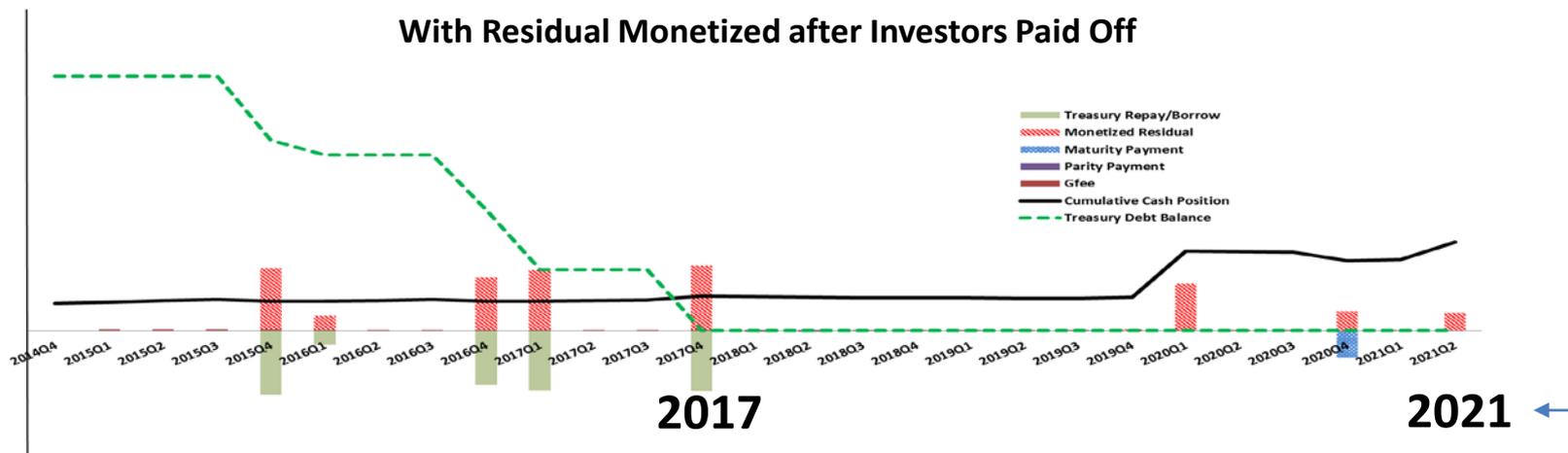
# Stabilization Fund Cash Flow Projection

**Projected Available Collateral Balance After NGN Bonds Payoff & NCUA Guarantor Payments  
(as of Q4 2014)**

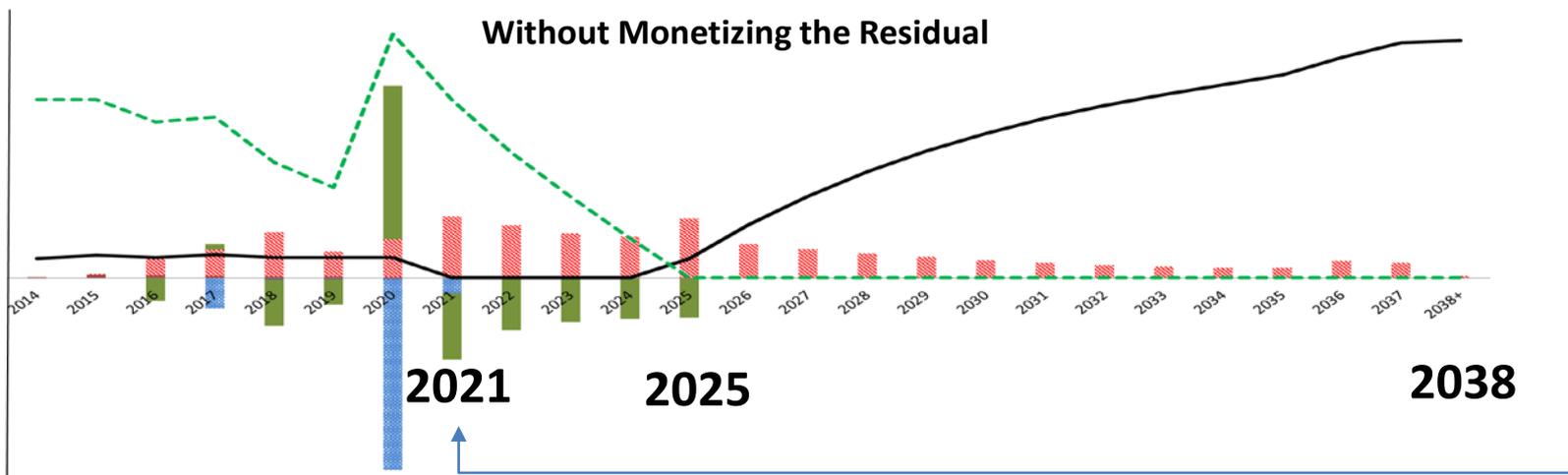


# Recovery value and timing depends on post-NGN maturity disposition strategy – sell vs. hold<sup>1,2</sup>

With Residual Monetized after Investors Paid Off



Without Monetizing the Residual



<sup>1</sup> Graphs not to same scale

<sup>2</sup> As of Q4 2014

# Disposition Strategies

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- Bond by bond analysis
- Sell, hold, resecuritize
- NGN maturity payments
- Treasury repayment

# Summary of NGN Program Performance

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- Future projected assessments remain zero with an increasing probability of a refund to credit unions – not until at least 2021
- Treasury borrowings outstanding of \$2.6 billion
- No significant cash needs projected until 2017.
- First set of legacy assets in NGNs become available to manage in December 2015.